

SAN JUAN COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
San Juan County, Washington
January 1, 1989 Through December 31, 1991

Schedule Of Findings - Cape San Juan Water District

1. Cape San Juan Water District Advanced Payment To Contractor

Cape San Juan Water District paid Lawson Construction an advance of \$5,881.43 on a water distribution repair system contract. At the time the payment was approved, no materials had been furnished, nor had work been performed.

RCW 42.24.080 states in part:

. . . authentication and certification by such auditing officer that the materials have been furnished, the services rendered or the labor performed as described, and that the claim is a just, due and unpaid obligation against the municipal corporation or political subdivision; and no claim shall be paid without such authentication and certifications: . . .

This advance payment was included as a term in the contract, which stipulated that the district would pay Lawson Construction 30 percent of the contract amount two weeks before the commencement of activity.

In effect, this advance payment is an extension of credit to the contractor. No benefit was received by Cape San Juan Water District in return.

We recommend that the district refrain from payment of advances.

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Schedule Of Findings - Eastsound Sewer And Water District

1. Eastsound Sewer And Water District Should Have Awarded Contract Through Competitive Bid

During 1991 and 1992, Eastsound Water and Sewer District awarded contracts to Orcas Sewage Design and Kimple's Backhoe for the Eastsound Retro-fit project.

RCW 57.08.050 and 58.08.070 state in part:

. . . All materials purchased and work ordered, the estimated cost of which is in excess of five thousand dollars shall be let by contract. All contract projects, the estimated cost of which is less than fifty thousand dollars, may be awarded to a contractor on the small works roster.

and

. . . All contract projects equal to or in excess of fifty thousand dollars shall be let by competitive bidding.

The total payments for this project to Orcas Sewage Design exceeded \$50,000, requiring competitive bidding. The payments to Kimple's Backhoe did not exceed \$50,000, but this contractor should have been chosen from a small works roster.

The district elected to treat the retrofitting of each sewer customer's sewer lines as a completely separate project. This resulted in contract prices which were below the point at which competitive bidding or reference to the small works roster would be required.

By improperly splitting the project into smaller projects, the district could be liable to other contractors and vendors who were not given the opportunity to bid.

In addition, the district cannot be assured they received the best price for the contracts.

We recommend that the district refrain from splitting projects to avoid competitive bid requirements.

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Schedule Of Findings - Port of Lopez

1. Port Of Lopez Did Not Adopt Budget Within Statutory Limits

The Port of Lopez adopted their 1989 budget on January 12, 1989.

RCW 53.35.040 and 045 state in part:

It shall be the duty of the commissioners of port districts, for the purposes of levying port district taxes, to file with the clerk of the board of county commissioners on or before the first Monday in October in each year a certified copy of such final budget which shall specify the amounts to be raised by taxation on the assessed valuation of the property in the port district.

and:

. . . the Board of Commissioners of a port district may file with the clerk of the county legislative authority a certified copy of the port district final budget, provided for in RCW 53.35.040, on the first Monday in December.

By failing to adopt a budget before the end of the preceding year, the port district failed to timely provided the information needed to properly levy taxes.

We recommend that the port district adopt their annual budget in compliance with RCW 53.35.